

## INFORMATION REPORT INFORMATION REPORT

## CENTRAL INTELLIGENCE AGENCY

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A. Exports to the Soviet BlocTo the USSR:General Price Agreement

1. For the period of the Five-Year Plan from 1949 to 1953 top prices to be paid by the Russians for Czechoslovak (and indeed, it is considered certain, all Satellite) exports were agreed upon. Those prices, in the case of Czechoslovak iron and steel exports, were far below world prices prevailing in 1949, possibly as far as 40 percent below, and, as world prices rose during the period, became even more unrealistic.
2. This system was extended to cover 1954, but the Russians agreed in the course of that year to reconsider prices to be paid for 1955. Up till the middle of 1955 no firm price list had been agreed on, despite much negotiation, for Czech iron and steel products, but it appears certain that agreement will soon be reached, and that the prices will correspond much more closely to those prevailing on world markets.

Export of Tubes

3. Tubes, particularly thick-walled oil pipes, are by far the most important item exported to the USSR by the Czech iron and steel industry. From the beginning of 1949 the Russians undertook to buy whatever the industry could supply in the way of oil pipes, particularly in the upper range (20-inch). A five-year contract for 150,000 tons a year of pipes, mostly oil pipes, was signed, and the Russians let it be understood that they would continue to buy at this level or, if possible, on a larger scale.

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4. For the period 1949 to 1953, Czechoslovakia exported to the USSR approximately 150,000 tons of pipes, as follows:

35,000 tons of 20-inch oil pipes, manufactured by the Gustav Kliment Pipe Rolling Mills in Chomutov.

A small quantity of pipes in the 2-inch to 4-inch range (gas pipes, etc.) Thick-walled pipes from 4-inch to 12-inch, manufactured at the Chomutov plant, at the Vitkovice Klement Gottwald Iron Works in Ostrava, and at the New Klement Gottwald Foundry in Kuncice. Most of these were in the range 4-inch to 9 5/8-inch.

5. The Russians suddenly announced that for 1954 they would continue to take 35,000 tons of 20-inch pipes, and more if possible, but must cut their total imports of pipe to 100,000 tons. For 1955, they cut their total imports of pipe to 70,000, but continued with the 35,000 tons of 20-inch pipe. It is expected that they may make a further cut in 1956.
6. This unexpected change in Russian requirements caused great inconvenience and difficulty for the Kuncice tube rolling plant in particular, since the plant was developed, with Russian assistance, in order to fulfil Russian demands for 4-inch to 9 5/8-inch pipe. Intense efforts are being made by the Czechs to dispose of this range of pipe elsewhere, since they have no use for it at home.
7. Since the Russians began in 1955 to give actual destinations in the USSR of export consignments, it is possible to give some information on the destination of the 20-inch pipes. [redacted] one consignment, at least, was for northeastern Siberia, in the area of Sakhalin; that destinations were very widely spread and mostly beyond the Urals; and that one or two were for Baku. (In 1953 or 1954 some Soviet oil engineers, who came to Czechoslovakia to inspect oil pipes, stated that very intense efforts were being made to exploit oil beds under the sea in the Baku area).

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#### Other Iron and Steel Exports to the USSR

8. Other exports include:  
Galvanized sheets

From 1948 or 1949 until 1953, about 10,000 tons a year; since then perhaps half that amount.

Barbed wire

About 2,000 tons a year (a subject of cynical jokes among anti-Communists).

Rails

30,000 tons a year from 1948 or 1949 until 1953, since when exports have ceased.

Link chains

About 500 tons.

Drawn wire

About 500 tons; stated by the Russians to be for champagne corks. (Equally a subject of cynical comment among anti-Communists.)

Special military order

2,000 tons were delivered from Vitkovice in 1954 of cuttings of normal carbon steel plates, deep drawn, shaped, and circular, which the Russians stated would be processed in the USSR for use in the manufacture of high explosive shells. No further information is available; the matter is treated as top secret, and the true purpose of the "rounds", as they are called, is known to very few in Vitkovice or outside.

#### To China:

9. Exports to China on any scale began in 1952 and 1953. They include:

Thick-walled pipes,  
mostly 4-inch to 9 5/8-inch

About 25,000 tons were exported annually for two years. The Chinese would have taken more, but Czechoslovakia was under obligation to supply these pipes to the USSR. In 1954 and

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Seamless or welded tubes

1955, when Czechoslovakia could have supplied, the Chinese requirement dropped to 10,000 tons a year.

6,000 to 7,000 a year. The Chinese are pressing hard for precision and high-grade steel tubes, but Czechoslovakia has none available for export.

Plates, sheets, steel strip, cold drawn steel and (in very small amounts) Poldi-refined rolled steel

About 10,000 tons a year.

To East Germany:

10. Exports to the DDR consist largely of:  
 Seamless boiler and gas tubes 5,000 tons agreed on for 1955. Used to be more.  
 Drawn wire products About 10,000 tons. (Precision steel tubes cannot be supplied.)  
 Wire rods  
 Angles, flats, joints, channels, axles, springs, etc. Poldi-rolled steel (small amount)

To Rumania:

11. Until three years ago Rumania took 10,000 tons of 20-inch oil pipes a year from Czechoslovakia. The Czechs were told they were for natural gas. Since then the Rumanians have taken no oil pipes.
12. Other exports are:  
 Seamless and welded tubes 7,000 tons in 1955. The amount has been steadily decreasing. A peak of about 18,000 tons was reached in 1951.  
 Sheets, plates, strip metal 8,000 to 10,000 tons a year since 1948 or 1949.

To Bulgaria:

13. The Russians, it is believed, supply Bulgaria with the bulk of her steel requirements. Czechoslovakia exports 3,000 to 4,000 tons annually of seamless and welded tubes, sheets, plates, sections, and strip steel to Bulgaria.

To Poland:

14. On the exchange system<sup>2</sup> Czechoslovakia provides special transfer and dynamo sheets for the motor industry. Under the trade agreement, Czechoslovakia exports about 15,000 tons a year of light steel sections and sheets to Poland. (The Polish iron and steel industry has been built up with the emphasis on heavy products, and the range of light products manufactured is much smaller than in Czechoslovakia.)

To Hungary:

15. Exports are very small; they used to be much larger. An exchange of tubes on the exchange system stopped in 1954.

B. Imports from the Soviet Bloc

From the USSR:

16. Iron ore (quantity not known) and pig iron are the only imports. Imports of the latter have been discussed in a previous report - 120,000 tons in 1955, before that about 150,000.<sup>3</sup>

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From China:

17. Iron ore (quantity not known) and pig iron, since 1952 and 1953. Pig iron imports in 1955 are likely to be 15,000 tons.

From East Germany:

18. In 1954 the GDR exported 2,500 tons of precision steel tubes to Czechoslovakia; [redacted] Their quality was poor, and the East Germans did not supply the specifications requested. There may be a supply of 15,000 tons of pig iron in 1955; [redacted]

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From Rumania:

19. No imports of iron and steel products are taken.

From Bulgaria:

20. Nothing is imported.

From Poland:

21. Sheets are imported on the exchange system.

From Hungary:

22. Virtually nothing is imported which concerns the iron and steel industry.

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4. [redacted] Comment: Otto Wolff, Unter-Sachsenhausen 37, Cologne; Poppe and Potthoff, Werther near Bielefeld; Meyer has not been identified.

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